

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 1995-1192-E**

IN RE: Proceeding for Approval of the Public)	
Utility Regulatory Policies Act of 1978)	
(PURPA) Avoided Cost Rates for)	MOTION
Electric Companies)	TO HOLD DOCKET IN ABEYANCE
)	(And, Suspend Prefiling Dates)
)	
)	

INTRODUCTION

COMES NOW the South Carolina Solar Business Alliance, Inc., (“SBA”), by and through counsel, and requests that the Public Service Commission of South Carolina (“the Commission”) hold this docket in abeyance, in the interest of judicial economy of the Commission and for the convenience of the parties.

SBA’s request is motivated by uncertainty arising from: (1) the recent passage by the South Carolina House of Representatives of H.3659, which includes provisions that would require this Commission to: (a) convene another avoided cost proceeding in 2019; (b) for the purposes of that proceeding, oversee an independent third-party evaluation of each utility’s avoided cost calculations; and (c) oversee an independent study of costs related to the integration of renewable energy on the grid, the results of which will be reported to the General Assembly.

The current Docket involves the request of Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP,” and together with DEC, “Duke”) to update their avoided cost rates, and to impose an Integration Services Charge on solar Qualifying Facilities (“QFs”).

If H.3659 is passed into law, it would effectively moot the results of the current proceeding, and require the Commission to conduct a new proceeding on essentially the same factual issues, but with the benefit of additional evidence. SBA submits that it would be a waste of the Commission’s and the parties’ resources to continue with this docket until the General Assembly either passes H.3659, or ends the legislative session without passing it.

BACKGROUND

Duke’s application for an update of its standard offer avoided cost rates and tariffs in this docket implicates two sets of issues, relating to avoided cost and a proposed “integration services charge,” that are likely to be substantially affected by legislation currently pending in the South Carolina General Assembly. Accordingly, it would not be reasonable or prudent for the Commission to take further evidence or conduct a hearing on these issues prior to the passage of that legislation (or the end of the legislative session), and the Commission should hold this Docket temporarily in abeyance until the applicable legal requirements are clarified by the General Assembly. Accordingly, the already established prefiling dates in this Docket should also be held in abeyance.

A. Duke's Avoided Cost Proposals.

DEC and DEP have applied in this proceeding for Commission approval to update their respective avoided cost calculations and the standard offer rates available to PURPA Qualifying Facilities ("QFs"). Duke reports that its new proposed rates incorporate "updated energy and capacity rate designs that better recognize the differing value of QF capacity and energy during on-peak and off-peak periods during each day and throughout the year," as well as "an integration services charge specific to solar QFs to recognize the increasing cost to operate the Companies' dispatchable generating fleets as growing levels of variable and non-dispatchable solar capacity are added to the DEC and DEP systems." *Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Approval of Updated Standard Offer Avoided Cost Rates and Tariffs* (Nov. 30, 2018) at 2-3. This "integration services charge" is similar in concept to the Variable Integration Charge ("VIC") proposed by South Carolina Electric & Gas in its current fuel case (Docket No. 2019-2-E). The new proposed rate design and especially the integration charge implicate highly technical issues that are largely new to the Commission.

Duke provided prefiled direct testimony in support of its application on February 1, 2019. Intervenor's testimony is due on or before April 9, 2019. A hearing is scheduled for May 21, 2019.

B. The South Carolina Energy Freedom Act (H.3659).

On February 21, 2019, the *South Carolina Energy Freedom Act* (H.3659) was passed unanimously (110-0) by the South Carolina House of Representatives. This legislation is currently being considered by the Senate Judiciary Committee. The legislation has received broad stakeholder support, including that of Dominion Energy, which testified in favor of the legislation before a subcommittee convened by the House Committee on Labor, Commerce, and Industry.

H.3659 includes several provisions that are directly relevant to the issues in this proceeding. These include the following:

- Within six months after the effective date of the legislation, the commission must convene an avoided cost proceeding, and "establish or approve each electrical utility's avoided cost rates, avoided cost methodologies, standard offer power purchase agreements, form contract power purchase agreements, commitment to sell forms, and any other terms or conditions necessary to implement" the requirements of the Act. (proposed Sec. 58-41-20(A)).

- For the purposes of informing the avoided cost proceeding required by the Act, the Commission must engage a third party to submit a report that includes independently derived conclusions regarding each utility's calculation of avoided costs for purposes of these proceedings (58-41-20(H)).
- The Commission is authorized to initiate an independent study to evaluate the integration of renewable energy and emerging energy technologies into the electric grid for the public good. The integration study must evaluate what is required for electrical utilities to integrate increased levels of renewable energy and emerging technologies while maintaining economic, reliable, and safe operation of the electric grid (58-37-60(A)).
- Utility integrated resource plans must be conducted consistent with an updated statutory framework that requires the utility to consider a number of factors not currently considered by the utilities in development of their IRPs. (58-37-40). Given that resource plans are the primary driver of avoided capacity calculations, the development of H.3659-compliant IRPs will likely have a significant impact on the utilities' avoided cost calculations.¹

The proposed legislation, if passed, would require the Commission, before the end of 2019, not only to revisit the substantive issues pending in this docket (with the benefit of additional evidence generated by an independent evaluation), but also to consider a number of other questions not currently at issue, such as the appropriate terms and conditions for standard Power Purchase Agreements available to PURPA Qualifying Facilities not eligible for the current standard offer rates and terms.

MOTION TO HOLD DOCKET IN ABEYANCE

The grounds for this Motion follow. If passed, H.3659 will require the Commission to convene, within six months, an avoided cost Hearing that (a) is informed by an independent evaluation of the Company's avoided cost calculations, and (b) considers issues not currently before the Commission in this hearing. It will also require the Commission to oversee an independent study of technical issues that are critical to evaluation of the Company's proposed Integration Service Charge.

¹ Technical amendments to H.3659 have been proposed in the Senate Judicial Committee. However, none of the proposed amendments would result in substantive changes to these provisions.

Rather than conduct potentially duplicative proceedings, the Commission should hold this matter in abeyance until passage of H.3659 or (if the bill does not pass) the end of the legislative session, and then establish a new procedural schedule that reflects applicable legal requirements at that time.

Duke last updated its standard offer rates and contracts in 2016. Given the long period of time that has elapsed since Duke's last update of its avoided cost calculations, SBA submits that it would not cause any harm to Duke or its ratepayers to delay a hearing in this docket by only a few months. And unlike in the utilities' annual fuel dockets, there is no legal requirement that the Commission issue a decision on Duke's application by a specific date.

RELIEF REQUESTED

In view of the foregoing, SBA respectfully requests that the Commission **(a)** hold this Docket temporarily in abeyance, **(b)** establish a new procedural schedule either after the passage of H.3659, or (if the bill does not pass) the end of the current legislative session **(c)** suspend all deadlines for the submittal of the parties' prefiled testimony while it considers this Motion and **(d)** grant such other and further relief as it deems just and appropriate.

Respectfully Submitted,
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